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Latin America Review

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**Latin America
Review**

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Articles have been coordinated as appropriate with other offices within CIA. Comments and queries regarding this publication may be directed to the Chief, Production Staff, Office of African and Latin American Analysis,

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Articles

Peru: The Continuing Sendero Luminoso Challenge

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The Sendero Luminoso (SL) insurgents have expanded their areas of operation over the past year or so and are carrying out an active terrorist campaign in the south-central emergency zone, but the overall level and effectiveness of their activity declined last year, according to the US Embassy. The group has been constrained by the improved performance of the security forces and by growing revulsion among Peruvians over the insurgents' wanton violence. Nevertheless, the guerrillas remain a formidable challenge for the government, and their prospects may improve if the next administration, which takes office in July, fails to grapple successfully with major economic difficulties.

The Ayacucho "Heartland"

In recent months the security forces have begun to make progress in combating SL in its original base area in Ayacucho and elsewhere in the south-central highlands. The improvement in the military's performance is due in part to a decision by the Army last May to establish some 50 counterinsurgency bases, from which units of up to 100 men have engaged in aggressive patrolling. Early last year the Army began forming peasant defense groups, and—although poorly armed—these organizations frequently have acted as a bulwark against the insurgents. The mobility of the guerrillas and the well-entrenched support network they have developed over the last 15 years have prevented the armed forces from dealing a crippling blow to SL. Nevertheless, the insurgents no longer enjoy the nearly uncontested domination of the region that they maintained from 1980 through 1982.



Sendero Luminoso militants from Ayacucho.

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The shift in the military's approach has put SL increasingly on the defensive. guerrilla leaders decided last spring to avoid direct combat with military forces and to

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expand their area of operations to prevent the military from surrounding them. In addition, SL has increased its use of violence—occasionally wiping out entire hamlets—in an attempt to deter villagers from cooperating with the government. The military is trying to win the confidence of peasants in the south-central emergency zone through small-scale development projects, although lack of funding has hampered these efforts. Meanwhile, the US Embassy and academic observers report that entire highland communities, fearing violence on the part of both the insurgents and the security forces, are abandoning their ancestral homes for the relative safety of Lima and other cities. []

Upper Huallaga Region

In an apparent attempt to reduce military pressure against it in the south-central emergency zone, SL began operations in the Upper Huallaga river valley about a year ago. The opening of a second insurgent front contributed to the impression that the movement was rapidly growing, but recent evidence indicates that the guerrillas have failed to gain a secure foothold there. Unlike south-central Peru, where the insurgents over the years built an extensive grassroots network, they have been hampered in the Upper Huallaga by a lack of advance preparations. []

[] The guerrillas apparently have found little receptivity in this traditional coca-growing region because local inhabitants fear that an SL presence would threaten their drug trafficking income by attracting the attention of the security forces. []

A rapid response by the military has been crucial in deterring the guerrillas. Last July the armed forces created a new emergency zone for the Upper Huallaga region. By calling up reserve units, the Army was able to deal with the threat in the north-central highlands without reducing pressure on the insurgents in the south. A major offensive last September failed in its mission of encircling SL units, but it prevented the guerrillas from solidifying their presence in the Upper Huallaga. Subsequent military operations have forced the guerrillas to flee into adjacent areas where they have been conducting sporadic attacks against government forces. On the

negative side, however, the military's fear of jeopardizing its counterinsurgency campaign by alienating local coca growers led it to block vigorous police antinarcotics efforts temporarily earlier this year. []

Terrorism in Lima

SL activities in Lima, which had been crippled by the arrest of several urban commanders in mid-1984, resumed early this year with the bombings of the headquarters of two major political parties and the assassination of several police officers. The highly coordinated nature of many of these attacks, coupled with SL's willingness to depart from its previous emphasis on nighttime operations, indicates that the insurgents probably have rebuilt their terrorist network in the capital. The cost to the movement of resuming operations there remains high, however, because of the success of the security forces in arresting SL members. []

Nevertheless, SL obtains a number of benefits by pursuing a campaign of urban terrorism. Although guerrilla actions in the remote Andean highlands often go unnoticed by the international press, attacks in the capital receive prominent coverage, thereby enhancing the insurgents' image as a major revolutionary force. During the Pope's visit in February, SL's various operations in Lima underscored the movement's flair for dramatic gestures. Moreover, the US Embassy notes that urban terrorism is potentially destabilizing because it tends to undermine public confidence in the ability of the civilian authorities to maintain order. []

Election Offensive

In early March, SL began an offensive reportedly designed to disrupt the national elections on 14 April. Although a similar attempt to undermine municipal elections in November 1983 failed to achieve its objective, it did result in the cancellation of voting in part of the south-central emergency zone. The US Embassy believes that the major thrust of the current insurgent campaign has been to force voters—especially those in rural areas where SL is strongest—to boycott the elections. To prevent this from

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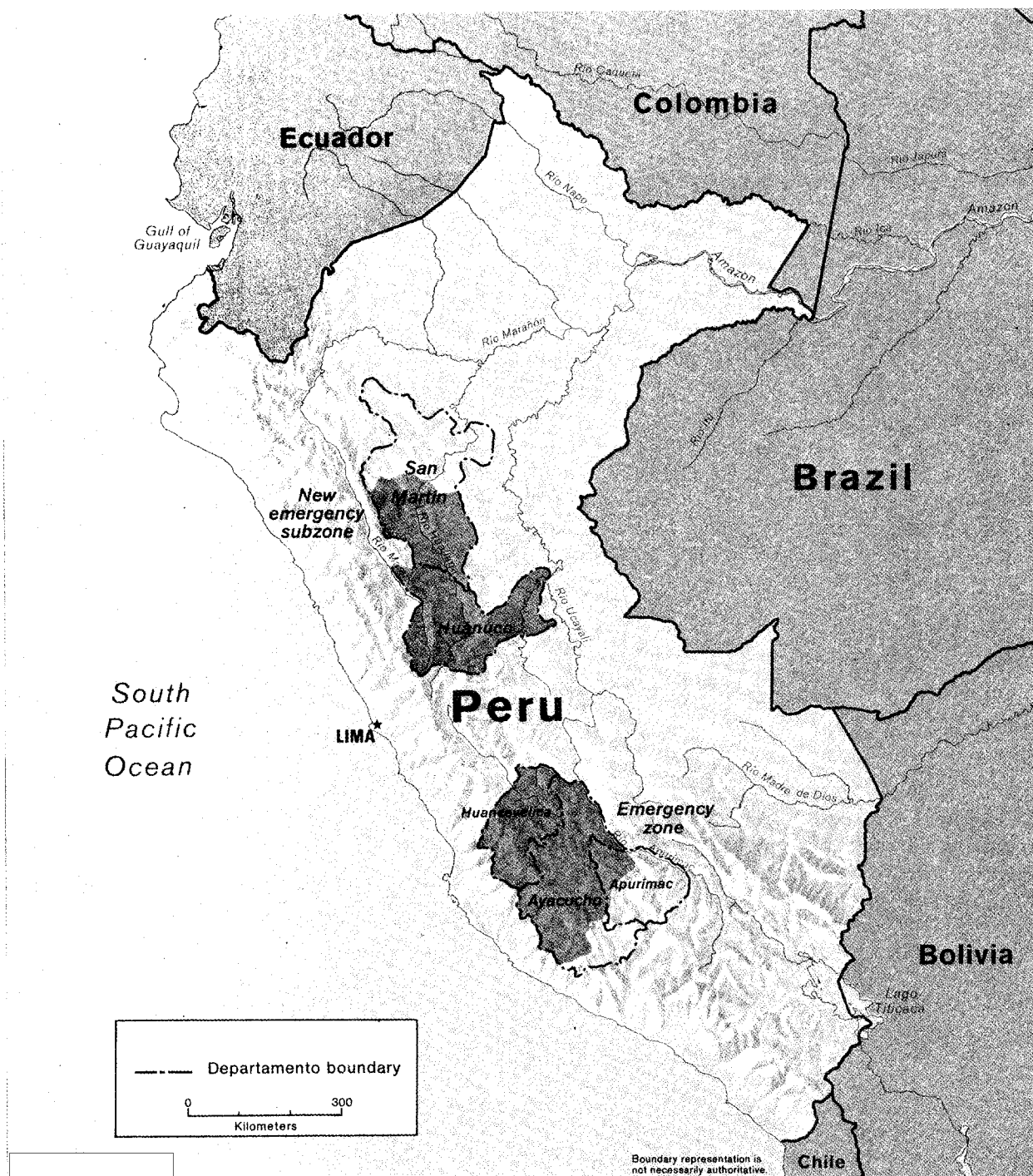
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occurring, the military will use some 40,000 troops to provide security at approximately 4,000 polling places throughout the country, [REDACTED]
[REDACTED]

Outlook

Despite its setbacks over the past year, the SL's dispersion, mobility, and self-sufficiency have enabled it to deny the armed forces a decisive victory. In our view, the most important factor contributing to SL's continued viability has been the organization's reluctance to engage the military in direct combat. For the most part, guerrillas attacks have been directed against isolated Civil Guard posts, peasant self-defense groups, and vulnerable policemen in the cities. The cyclical nature of SL operations—characterized by alternating periods of vigorous action and relative inactivity—has enabled the guerrillas not only to regroup and replenish their supply of arms, but also to rest and recuperate after sustained offensives. SL's continuing independence from foreign support or direction, [REDACTED]

[REDACTED] and its practice of obtaining weapons locally either by theft or attacks on security forces, also have contributed to the movement's durability by making it virtually invulnerable to interdiction efforts. [REDACTED]

The spread of the insurgency to new regions and its entrenched strength in the south-central emergency zone indicate that it will continue to force the government to devote sizable numbers of soldiers to the counterinsurgency effort in coming months. If Peru's new guerrilla group, Revolutionary Movement—Tupac Amaru, is able to mount sustained operations, this would further tax the security forces and probably provide SL additional breathing room.
[REDACTED]

SL's goal of a successful nationwide revolution appears increasingly illusory, at least in the near term, but we agree with the US Embassy's assessment that the organization will remain a significant force for the foreseeable future. Although it seems to have lost the momentum it demonstrated early in President Belaunde's administration, SL leaders probably are buoyed by Peru's deepening economic difficulties. They may reason that the movement will be well positioned to exploit new revolutionary opportunities in the years ahead. [REDACTED]
[REDACTED] even some previously optimistic officers had come to believe that the government may need five to 10 years to suppress the guerrillas.
[REDACTED]
[REDACTED]

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Cuba: Streamlining the Bureaucracy [REDACTED]

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The Castro regime, in its preparations for the Third Congress of the Cuban Communist Party next December, is making a number of personnel changes in a reorganization that is likely to spread eventually to all levels of the party and government. The initial changes occurred in late January, when a special plenum of the party's Central Committee resulted in the "release" of staunch party hardliner Antonio Perez Herrero and one of his top aides. The most recent shifts were announced earlier this month and involve several ministerial-level posts. Similar shakeups occurred prior to the party congresses in 1975 and 1980, and the changes often give clues to the probable direction in Cuban policies over the next several years. On the basis of changes made so far, it appears that economic difficulties are forcing President Castro to pay greater heed to his more pragmatic advisers and find more effective managerial leadership in the economic arena. Other changes suggest the Cuban leader is concerned over ideological issues. Additional managerial changes are almost certain before the Third Party Congress in December and bureaucratic infighting is likely to intensify as heightened austerity forces managers to compete with each other for ever-dwindling resources.

Perhaps the most significant of the changes announced in the Cuban media on 1 April was the removal of Francisco Garcia Valls from his job as minister-president of the State Committee for Finance, a cabinet-rank post that gave him a seat on the Council of Ministers chaired by Fidel Castro. A member of the 26th of July Movement that brought Castro to power in 1959, Garcia Valls held many high positions in the economic field, including: vice president of the Central Planning Board; and vice president of the National Commission for Economic, Scientific, and Technical Collaboration, the governmental body responsible for managing all of Cuba's economic, technical, and scientific ties with the rest of the world. Throughout his long career, he

has been linked closely to Politburo member Carlos Rafael Rodriguez, who is commonly viewed as Castro's top adviser on foreign policy and economic matters, and to former President Osvaldo Dorticos, who, as Minister of Justice, committed suicide on 23 June 1983 after his ministry was found to be plagued with corruption. No reason was given for Garcia Valls's dismissal nor was his new position, if any, identified. Nevertheless, his departure probably is linked to Cuba's recent economic problems. [REDACTED]

Garcia Valls was replaced by Rodrigo Garcia Leon, who has served since 1976 as first vice president of the State Committee for Material and Technical Supply.

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[REDACTED] He reportedly described Cuba's new economic austerity program as an effort to maintain current production with decreased spending through better management, and claimed that Cuban planners believe there is much waste in the economy because of poor management of available financial resources. He also said that various activities of the State Committee for Material and Technical Supply are to be transferred to other entities and ministries, which, perhaps, is why he was free to be reassigned. The transfer of activities reportedly is intended to rid the State Committee of those peripheral responsibilities it has acquired over the years that have made it highly inefficient and unwieldy. [REDACTED]

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Another cabinet official removed was Minister of Light Industry Manuel Millares Rodriguez, who previously had served as the Central Planning Board's

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director for industry and as the Ministry of Mining and Metallurgy's vice minister for production. His replacement is Roberto Ogando Zas, whose experience is largely political rather than economic. He has held important posts in both the party and the Young Communists League, the party's youth arm. After long service as a party official on the Isle of Pines, where he also managed a livestock and agricultural project for a while, he became head of the island's civil administration and subsequently served as "governor" of Las Tunas Province in eastern Cuba. In addition, he is a deputy in the National Assembly representing the municipality of Las Tunas, the provincial capital. As Light Industry Minister, he is likely to be the focus of increasing attention of the leadership as well as the public if he cannot maintain production with fewer resources through improved management. []

An important change in the political arena occurred on 26 March when Havana announced the replacement of Nivaldo Herrera as head of the Cuban Radio and Television Institute, the organization that controls the broadcast media. The new chief is Ismael Gonzalez Gonzalez, who holds a degree in psychology and has had a variety of posts involving student organizations and the Young Communists League. Most recently, he was a member of the "coordination and support staff" for Castro, according to the Havana announcement. He seems to have had no professional experience in radio or television. []

Herrera apparently has been under fire for some time, according to the US Interests Section in Havana, and probably was the unnamed target of criticism of radio and television programming which was made by Castro at the women's congress held in Havana in early March. Herrera's dismissal may be a follow-on to the removal of Antonio Perez Herrero as party secretary for ideology in late January. At that time, Perez Herrero's aide who supervised the ideological content of the press, radio, and television also was sacked.² The promotion of Gonzalez from an obscure staff position to czar of all broadcasting, as the Interests Section points out, will ensure that the

institute follows the correct ideological line even if programming quality suffers. []

In an apparently unrelated move, the president of the Cuban Academy of Sciences, party Central Committee member Wilfredo Torres Yribar, was reassigned after an eight-year tenure. Dr. Torres previously had served as head of the National Center for Scientific Research at Havana University.

Replacing him is Rosa Helena Simeon Negrin, who, like Torres, was elected to the Central Committee at the Second Party Congress in 1980 during the Castro regime's drive to "democratize" the party. A member of the National Directorate of the Cuban Women's Federation (the regime's mass organization for women), she had headed the Agriculture Ministry's National Plant and Animal Health Center since 1978. []

The remaining two appointments announced on 1 April—although they heighten the impression of bureaucratic change—involve posts of lesser importance. Stepping down after five years as president of the National Institute of Sports, Physical Education, and Recreation is Carlos Galvan Vila. Named to replace him is Conrado Martinez Corona, who has been second secretary of the Young Communists League since 1982. In addition, Cuba's world-famous track star Alberto Juantorena was appointed vice president of the institute, replacing Miguel Llaneras. []

Additional managerial changes, in our opinion, are virtually inevitable prior to the Third Party Congress in December. Bureaucratic infighting is likely to intensify as greater austerity prompts increased competition for resources and as bureaucrats try to defend their turf. Frictions already have developed since last December; in response to a Central Planning Board report extremely critical of the state of Cuba's external debt, the ministers and other managers who were attacked in the report all levied countercharges against the Central Planning Board, []

[] This, in our judgment, bodes ill for Central Planning Board

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president Humberto Perez, who must share part of the blame for the country's current economic plight. Rodrigo Garcia Leon, the newly appointed head of the State Committee for Finance, confirmed recently that Perez, an alternate member of the Politburo, had come under special criticism and may be replaced for poor performance.

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Venezuela: Can COPEI Bounce Back?

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More than a year after the worst election defeat in its history, the Social Christian Party (COPEI) is beginning to heal the internal divisions that have prevented it from functioning as an effective opposition party. Despite growing public discontent with the current Democratic Action (AD) administration, however, COPEI has yet to find a way to exploit the ruling party's political vulnerability.

The COPEI Tradition

Founded in 1946 by Rafael Caldera Rodriguez, COPEI is a reformist party committed to perpetuation of the welfare state within the context of a vigorous market-oriented economy. Although it has particularly strong roots in the middle class, the party has attracted support in past elections from every social stratum. COPEI and Democratic Action have alternated in power since Caldera was elected president in 1968 and, despite vigorous competition for voter support, have continued to cooperate between elections.

COPEI's foreign policy traditionally combines a pro-Western orientation with staunch nationalism. During the Caldera period, Venezuela initiated diplomatic relations with many Latin American military dictatorships spurned under two successive Democratic Action administrations. Caldera balanced these moves, however, by establishing diplomatic ties with the Soviet Bloc countries, and taking the first step toward recognition of Cuba. He also negotiated Venezuelan accession to the Andean Pact and launched an economic cooperation program for the Caribbean and Central America.

Although both Caldera and fellow COPEI leader Luis Herrera Campins, who was president from 1979-84, nurtured close bilateral relations with the United States, they did not hesitate to differ vigorously with Washington on particular issues. Thus, Herrera openly sympathized with US support for the Duarte

government in El Salvador but accused the United States of betraying Latin America during the 1982 Falklands crisis.

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Herrera's Ill-Fated Rule

Great expectations accompanied Herrera's assumption of office in 1979, but midway into his term a glutted oil market, high-interest rates, and world recession dashed popular hopes for a prolongation of Venezuela's oil boom. By early 1983, large foreign exchange losses, massive capital flight, and foreign banker demands for payment of maturing short-term debt induced the government to impose foreign exchange controls, devalue the bolivar, and freeze prices. As the recession deepened, imports were cut nearly in half, unemployment doubled, and per capita GNP fell sharply. With national elections approaching, the crippled state of the economy—symbolized by Venezuela's 36-billion-dollar foreign debt—caused the government's stock to plunge.

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Herrera's failure to cope effectively with mounting economic difficulties and the resulting nosedive in COPEI's popularity led to an open split between the Caldera and Herrera factions. Caldera, whose sixth bid for the party's nomination was opposed by Herrera, adopted a campaign strategy that sought unsuccessfully to distance COPEI from the incumbent administration. COPEI's shattering defeat, followed by a second lopsided vote for Democratic Action in the May 1984 municipal elections, cast a shadow over the party's future. Calderistas correctly blamed this double setback on the stigma of Herrera's ineffectual rule, and leaders of the rival factions engaged in public recriminations. A widening internal rift thus prevented the Social Christians from acting as an effective opposition party in 1984.

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The Factional Struggle

Although COPEI's internal alignments are not dictated by major differences over principle or policy, the style and public image of the Caldera and Herrera factions contrast sharply. The Calderistas, reflecting their leader's elegant mien, have a relatively elitist but nonideological orientation. By comparison, the Herreristas display stronger populist tendencies, are more likely to be of mixed race, and often come from rural and lower middle-class backgrounds. []

Caldera remains COPEI's preeminent leader, but, according to the US Embassy, "Calderismo" is rapidly becoming synonymous with support for 44-year-old Secretary General Eduardo Fernandez—a Caldera protege and the current front-runner for the party's 1988 presidential nomination. Almost all the key figures within the party's 43-member National Committee—including Caldera's other chief protege, Oswaldo Alvarez Paz, First Senate Vice President Hilarion Cardozo, and Chamber of Deputies President Leonardo Ferrer—are Fernandez associates who gained control of the party apparatus in 1979. []

The Herreristas continue to defer to Herrera Campins, but their primary leader is now Senator Pedro Pablo Aguilar, a former COPEI Secretary General and possible candidate for the presidency in 1988. Rafael Andres ("Pepi") Montes de Oca, a controversial former Interior Minister who was removed from the National Committee last year, ranks third in the Herrera faction. []

A Shaky Truce

Last August, at the first COPEI convention since the elections, delegates overwhelmingly reelected Eduardo Fernandez as Secretary General, thereby solidifying the ascendancy of the Caldera faction. Nevertheless, the publication of a COPEI opinion poll that showed Caldera trailing Fernandez nearly provoked a potentially disastrous falling out between the two leaders. The Calderistas then held out an olive branch to the Herrera faction by keeping Fernandez's vanquished Herrerista opponent, Felipe Montilla, on the National Committee. []

Factional quarreling resurfaced when the two former COPEI presidents engaged in a vitriolic debate late last year. The dispute was sparked by Herrera's

public discussion of divisions in the Caldera camp, and this indiscreet airing of the party's dirty linen led to calls for Herrera's expulsion. At the COPEI national committee meeting in January 1985, Fernandez assumed the role of peacemaker, permitting Oswaldo Alvarez—who will probably be Fernandez's chief competitor for party leadership after Caldera departs from the scene—to lead the attack against Herrera. Less strident voices prevailed, however, and a moderate resolution reflecting Fernandez's conciliatory approach was adopted. []

Alvarez suffered at least a temporary setback late last month when the National Committee, led by Secretary General Fernandez, issued a letter sharply criticizing Alvarez for making public statements about an internal party vote involving corruption charges against a former COPEI official. This incident demonstrates Fernandez's firm hold on the party machinery but promises to keep the level of tension within the leadership uncomfortably high. []

Outlook

Amid persistent rumors of tension between Caldera and Fernandez, a major unanswered question is whether Caldera will choose to run again in 1988. Although it is unlikely that the 68-year-old Caldera can rejuvenate COPEI or inspire the voters, he continues to be the party's grand old man and undoubtedly can play the role of spoiler. Caldera reportedly believes Fernandez would stand little chance against Democratic Action luminary Carlos Andres Perez, and failure by the senior COPEI leader to step aside graciously might provoke a generational leadership struggle that would hamper COPEI's ability to take the political offensive. []

Even if a measure of party unity can be achieved, COPEI is still casting about for a political issue capable of rallying the electorate against AD rule. Following President Luisinchi's state-of-the-union message in mid-March, Fernandez gave a preview of COPEI's likely opposition strategy by focusing on the issues of crime and economic stagnation. His

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declaration that "The country is not moving forward nor are we living better" could become COPEI's next campaign slogan.

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Despite the Lusinchi government's vulnerability on issues ranging from inflation and unemployment to crime, drugs, and corruption, lingering memories of Herrera's maladministration, along with unresolved intraparty rivalries, probably will continue to plague COPEI, at least for the near term. A recent national opinion poll revealed that, although Democratic Action's approval rating had dropped to 41 percent, a mere 14 percent of the respondents indicated "acceptance" of COPEI. The fact that President Lusinchi's personal popularity remains undiminished by the nation's nettlesome economic and social problems underscores the difficulty that COPEI, seeking to regain its stature as a credible political force, will face in months ahead.

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